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Annex "A," Subparagraph 1f,
Sociological Background

SOCIAL STRUCTURE

•565 The social structure in the East-China Region closely resembles that of other regions in China. It has, however, some unique features which can be traced to the region's geographical location and past history.[1]

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1. Within the cultural tradition of China as a whole there are in East China many local variations, special combinations of features and configurations, all of which are Chinese but none of which can be said to be typical of the region's social structure. Studies on the social structure of local communities in East China are more numerous than that of other regions of China. The better known include: Martin Yang, A Chinese Village, (New York, 1945), a study of a village in Shantung; Lin Yueh-hwa, The Golden Wing, (New York, Oxford University Press, 1947), a study of a community in Fukien; Morton H. Fried, Fabric of Chinese Society, (New York, Praeger, 1953), a study of a county near Nanking; and Fei Hsiao-tung, Peasant Life in China, (London, Kegal Paul, Trench, Trubner & Co., Ltd., 1939), a study of a small community in the lower Yangtze Valley.

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I. THE TRADITIONAL SOCIAL STRUCTURE

A. Social Classes

565 The people of traditional China often viewed society as being comprised of four occupational groups: the literati, the farmers the artisans, and the merchants. Soldiers had no social status and were not members of any group. Although this classification indicates that all members of society recognized the prestige of the literati and the low status of the merchants, it fails to account for two things: the wide diversity in wealth, standards of living, and cultural and recreational interests within each occupational group; and the free interchange of occupations among the top layers of the farming, merchant, and governing groups.[2]

In reality, social stratification in Chinese society was not entirely based on occupational lines. Rich merchants and wealthy landlords were often linked by marriage; retail

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2. In some dynasties, sons of merchant families were not allowed to join the governing group. However, with the help of economic resources it was relatively easy for the third generation to come into the governing group. It was quite common for retired bureaucrats to engage in commerce.

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565 merchants and middle peasants were socially compatible; the social distinction between a craftsman and a simple peasant was even more difficult to draw, and bureaucrats were often wealthy landlords as well. Thus, if we employ the term "social classes" to mean the stratification of society on an economic basis, we will find that class lines cut across the traditionally accepted occupation-status classification.

556 However, members of all the occupational groups regarded the possession of land as the true indication of prestige and security. A landless peasant hoped to possess land, a peasant with some land hoped to acquire more, and the wealthiest landlord wished to do likewise. Artisans who had acquired savings would invest them in land. Merchants invariably put excess capital that might have been used for business expansion into land, although often they did not rely on the income from it as their principal means of support. Bureaucrats were even more preoccupied with owning land concomitant with their rise in officialdom. This is a common phenomenon in any society where other tangible assets for accumulation are lacking.

Although the possession of land was a criterion for determining prestige and, to a large extent, the sign of real power, prestige did not always result from wealth and the land-holdings of any one family seldom remained constant for more than two or three

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citizenship.[11] Their curricula opened a new and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment. With the increase of schools, there emerged in the cities a considerable professional class and a large number of students cut off for years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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517 for positions in the ruling elite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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A. Class Differentiation among the Chinese Population

In his book On the People's Democratic Dictatorship (1949), Mao Tse-tung divided Chinese nationals into those who because of their anti-revolutionary character and their "crimes against the Chinese nation" were deprived of the right to be numbered among the People, and those who were to enjoy all the rights of the People. In the first group were included the Kuomintang leader Chiang Kai-shek, "bureaucratic capitalists" such as H. H. Kung and T. V. Soong, "feudalistic" landlords, and a host of other anti-Communist leaders. The second group consisted of workers, peasants, the petty bourgeois, and the national bourgeois. Workers were considered the elite of the nation; the peasants were to be converted into rural workers through collectivization of agriculture, or into urban workers through the development of industry; the petty bourgeois were needed during the New Democratic Stage and were to be "re-educated" in the process of reconstruction; and the national bourgeois, once "enslaved" by bureaucratic capitalism, were now "free" to contribute to the industrialization of China. Mao's classification of the Chinese population and his stipulation of the task of each class at the New Democratic Stage formed the conceptual basis from 1949 to 1954 for the Communist policy toward each of the classes.

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668 The convocation of the National People's Congress in 1954 is considered by the Chinese Communists as the conclusion of the New Democratic St age and the beginning of a transitional stage which will lead China to socialism. Land reform is completed and the landlords as a class are eliminated, the wings of the bourgeois industrialists and merchants have been clipped by the Three-Anti and Five-Anti campaigns, and the "ideology of the working class" has been established in all sectors of China.

B. The New Social Ladder

The Communists distinguish between persons "from the working class" and those "possessing the ideology of the working class." They acknowledge that not all Communists are from the working class but that those who have accepted its ideology belong to it. By the same logic, the working-class character of the People's Liberation Army is fixed. The Communists say that, since the People's Liberation Army is led by the working class, viz., the Communist Party, although the bulk of the soldiers and commanders may not be from the working class, the army remains of the working class. Conversely, many workers may not possess the ideology of the working class. The Communists explain that most Chinese workers are fresh from the villages where "feudalistic ideas" abound and therefore have not had time to acquire the ideology of the working class.

668 527 in 1955 suggest the way in which all public celebrations of the festival are made to serve the Communist purpose. It was reported that, along the East China coastal area, traditional merrymaking was combined "with strict vigilance and celebration of the Yikiangshan I-chiang-shan Island liberation." In Foochow, special exhibitions on the theme "Taiwan Must Be Liberated" drew large crowds. In the Amoy area and along the Chekiang coast, people called on units of the armed forces in their neighborhood "to bring them gifts and thank them for their efforts in national defense." In Shanghai, 40,000 spectators watched military teams play football and Red Army song and dance troupes performed at thirty factories.[31]

668 565 Cities have been cleaned up and enlarged, and building has apparently proceeded rapidly, although improvements in housing probably mainly affect the industrial workers the favored class

30. [continued] Enlightenment Daily, Jan. 23, 1955 p. 2. In preparation for the New Year exodus from the cities in 1955 the Ministry of Railways estimated that "Over three and a half million more people will travel than on normal days mostly to join in united family celebrations of the holiday." NCNA dispatch, Jan. 19, 1955; SCMP, 972 Jan. 20, 1955, p. 21.

31. NCNA dispatch, Jan. 27, 1955. SCMP, 976, Jan. 28, 1955, p. 15 In all such activities one should remember that the cadre is instigator and manager.

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in the drive for industrialization.[32] Yet the Rostow study indicates that there has been no real increase in wages for the urban worker.[33] His diet remains poor, his work hours long. But since the Party is anxious to recruit from urban workers, he does have opportunity to rise in life through Party work. Many industrial workers probably do feel some sense of identification with the most rapidly expanding sector of the Chinese economy. This identification and the opportunities offered by the Party are probably slowly changing the goals of the urban worker. He may be less interested than he once was in returning to a plot of land in the country, where economic opportunities are increasingly restricted. He knows, after attending one Party meeting, that the peasantry is no longer the favored class in the Chinese economy.

The elite of the towns and cities are the functionaries of the government and Party. We know little of the pattern of their private lives. But, if the badge of the old Chinese bureaucratic elite was a leisurely and cultivated air, the badge of the new is a full briefcase and an air of purposeful, energetic activity. Their incomes permit their families a life somewhat easier than that granted the rest of the urban population, but they are constantly under discipline, watched by their colleagues, obliged to meet work quotas and to submit to continuous indoctrination and re-indoctrination. Part and government workers are urged

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32. Rostow, op. cit., p. 160.
33. Ibid., pp. 160-61.

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668 to use the New Year holiday to plan their work for
565 the year to come.

The bulk of the old middle class may have survived, but its activities have been increasingly restricted by government controls and by the growth of government-producing and marketing facilities. They are a tough and tenacious group, but their old comfortable life is already threatened and, as a class, they are scheduled for extinction.[34]

369 The growing cities now appear to be replacing the country as the goal of the ambitious. It is likely that, as urbanization and industrialization proceed, the cities rather than the farm villages will determine as the Communists plan, the new mores and patterns of living for society as a whole.

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34. Rostow, op. cit., pp. 162-64.

184 according to other equally valid criteria such as sex, age, and income. Older people, for example, are generally more conservative, less willing to adapt to change, and less likely to show enthusiasm for the Communist program. The rich, who have more to lose, are generally more dissatisfied with the Communist regime than their poorer countrymen. These patterns of attitudes tend to cut across the occupational stratification. In view of the technical limitations imposed on this discussion, occupational stratification will be used, with allowance for the exceptions within each category.

I. FARMERS

565 184 The rich absentee-landowners of China, whose social status ranks with those of government bureaucrats and whose interests are identified with those of rich merchants, are all but nonexistent in Mainland China today. The Chinese farmer class consists chiefly of poor peasants and "middle farmers" holding small lots of land. These people have had little opportunity to identify themselves with the state or its destiny. However, because East China has received more official attention in economic development than have Central-South and Southwest China in the past decades, the farmers in this region are likely to be more aware of the existence of a community greater than their immediate environs. With the exception of those in southern Fukien, most of the farmers in East

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•565 China find that only a minor language barrier separates them from the northern or western Chinese. The average East China farmer will not feel himself a stranger in Peking, for example, as would a farmer from Canton or Yunnan. In those areas of East China which were overrun by the Japanese during World War II, there has been sufficient reason for the growth of a spirit of nationalism among the farming class. This is true in Shantung as in Southern Fukien, one of the routes followed by the Japanese in invading Central-South China.

The Communists have made persistent efforts to "educate and propagandize" the farmers. There is evidence that many farmers in East China have learned a few political terms; however, this does not mean that the farmers have developed a strong national feeling. On the contrary, some of the farmers may regard the Communist effort to "educate" them as unwelcome interference. Generally speaking, the young tend to show a more favorable response to Communist propaganda than their elders.

The idea that he is to be given land probably has generated apprehension even in the poorest peasant, who always wants to own land. To be sure, the gain through the process of land reform must have given the poor peasant some satisfaction, but subsequent grain taxes remain heavy and Communist efforts to collectivize the marketing of farm produce have met a great deal

184 of resistance. There is reason to believe that
• 565 the poor farmer in East China today is less happy than he was in the days immediately after the completion of land reform. The possibility still exists that changes in government policy may regain for the regime some of the farmer's enthusiasm. However, the fact that authorities in Shanghai have had to initiate a drive to send many peasants back to their villages indicates that life in rural communities in East China does not offer incentive. As a result farmers continue to flood metropolitan centers in search of work and a better living.

657 Available reports show that neither the
565 government nor the farmers are satisfied with the amount of relief and welfare work done thus far, nor with the manner in which this work is done. The Communists claim that the productive harvests in 1951-53 in East China were attributable to the completion of flood control projects on the Hwai River in Anhwei and on the I and Shu rivers in Shantung. Some of the farmers may believe this claim, but the majority will measure the "benevolence" of the new regime against the few benefits so far received.

186 The Chinese farmer's picture of a foreign
565 culture is derived from contact with foreign missionaries. At one time foreign churches were established in all parts of East China with the exception of a few remote districts in southwestern Fukien. Government efforts to foster

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186 xenophobia, supported by the effort of the ultra-
•565 nationalistic segment of the Chinese elite, dated from the late nineteenth century. Some farmers in this region, particularly those in Shantung Province, are likely to remember, for instance, the stories about the Boxer Rebellion, which terrorized many foreigners. With relish, the Communists are re-telling such stories as specimens of "anti-imperialistic" expressions of the Chinese people. A very small number of farmers who have been less influenced by anti-foreign propaganda and who have received benefits from foreign missionaries may be disturbed by the deliberate mistreatment of missionaries on the mainland. Other farmers who regard the missionaries as an undesirable group may chuckle at the thought of the "foreign devils' downfall." But the majority of farmers have had little or no contact with foreigners; they are not particularly concerned with the latter's fate in Communist China.

184 The Chinese farmer has always hoped to
565 safeguard his family by acquiring land to provide a better education for his children and to maintain the respect of fellow villagers. Now that the farmer can no longer obtain as much land as he hopes, his interest turns to finding ways in which his children, through education, can advance on the socio-economic ladder. The fact that many young people from peasant families have been absorbed in the government "cadre" system may induce the Chinese farmer to look

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184 more kindly upon the present regime. Of course,
• 565 there are exceptions among the farming population. Farmers active in secret societies, which are traditionally resistant to government control, may have an altogether different set of attitudes toward the nation, foreigners, and the individual's role in society. Mass uprisings in which secret societies played an important part indicate that sometimes these groups have distinctly anti-foreign or anti-government characteristics. Members of some of these groups may uphold a standard of loyalty to the individual above traditional loyalty to the family or to the state; others may condone banditry and defy all forms of established social order.

II. URBAN WORKERS

The group feeling of organized workers in China was aroused as early as the 1920's in industrial centers like Shanghai and Tsingtao, where organized labor was involved in many political movements. Many industrial workers have long realized that they were "in the group" and somewhat later came to the conclusion that they had to work "for the group" in those movements launched against foreign influence and private capital. Having been involved in these movements, the worker undoubtedly formed a more definite idea of the nation and its symbols than that of the average farmer.

The Communist avowed attempt to raise the status of the worker must have given the worker

184 a feeling of importance as he learned of the
565 Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is erected or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the masters of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regime among the workers, despite the fact that most of these "benefits" still remain largely promises.

466 On the liability side of the Communist
565 policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emulation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

466 production line. Foreign advisors had been
•565 employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worker and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factories should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

463 Handicraft workers and artisans, who have
565 constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

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III. STUDENTS AND INTELLECTUALS

517 184 565 Of all the groups of people in China, the intellectuals are probably the most varied in their attitudes. They do not constitute a "class," hence their attitudes do not show any distinctive "group" characteristics. There are those whose strong convictions make them active leaders of social and political movements in defiance of authoritarian rule; there are others whose education and experience make them flexible under pressure. Hence no dependable conclusion on the attitudes of the Chinese intellectuals as a group has been arrived at.

Though the attitudes of Chinese intellectuals differ, the great majority of them are exceedingly patriotic. It is therefore conceivable that to some of them, at least, the Communist emphasis on loyalty to the state rather than the traditional loyalty to the family must have a great appeal. There is reason to believe that most of them who accepted Communism in 1949 did so because they saw in the Communist program some hope of restoring China to a position of dignity and power. After five years of Communist rule, some of the intellectuals are probably elated by the truculence with which Red China has been conducting its foreign affairs, and by the feeling that China, at long last, has been unified and become a nation of importance. But on the negative side there are the restrictions on intellectual freedom imposed by the Communists.

517 Furthermore, the Communist policy of gradually
184 substituting the freshly trained and well-in-
565 doctrinated intellectuals for those who have had a "liberal" or "conservative" background must have created a sense of insecurity among many.

Traditionally, Chinese intellectuals aspired to high positions in the government, where they could attain wealth, social esteem, and influence. For those intellectuals who still harbor such personal ambitions, it must be heartening to see people with no seniority in either the Party hierarchy or the government bureaucracy among the ranks of the nation's leaders in all fields. For others, who have modified their personal ambitions and who sincerely wish to make their training useful to the country, something they have been unable to do for many years in the past, Peking's policy of finding a place for intellectuals in the national reconstruction program is a welcome move.

Since the early days of the Chinese Communist movement, the Communists have always had the enthusiastic support of students. Many loyal Communist cadres are recruited from among the students who, so far, have not shown any lack of enthusiasm for the Communist cause. However, while accepting Communism as their ideal, the students may not be able to suppress entirely a simultaneous impulse toward individualism.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

Expenditure averaged $885.43 per month. With average earnings at $611.35 the family faced a deficit of $274.08 per month. The total earnings of all family members and other income were still insufficient: the deficit was $197.05. Besides the items of normal income and expenditure there appeared in the budgets of the families "other receipts" and "other disbursements" showing how the deficit was offset and a little cash surplus on hand was secured. Such receipts and disbursements were, in fact, not real income or expenditure, but a number of balancing items like bank withdrawals, borrowing, savings and lending. Other receipts averaged CNC$282.27 and other disbursements CNC$35.62 per family per month. The total family income plus other income plus other receipts totalled CNC$970.65: the aggregate disbursements, *i.e.* consumption expenditure plus non-consumption outgo plus other disbursements totalled CNC$921.05, leaving a cash surplus of CNC$49.60 per family. The records show that more was drawn from than was put into the bank: more was borrowed than refunded. Fifty families lived partly on bank drawings; 38 on loans recovered; 27 on sale of used articles; 46 on borrowings, 10 on receipts from pawned articles. It was stated in many records that earnings had been practically used up in the period since the outbreak of Sino-Japanese hostilities in 1937, and that borrowing had become more difficult in the recent period of stringency.

Belonging to the so-called "long gown" class, Chinese salaried employees occupy a difficult social position, particularly those in the lower income groups. It is obvious that the original base pay of pre-war days was too low, hence adjusted pay was insufficient. There were many children to support: among 92 families were 345 children. There was also the burden of other dependents—an average of 1.15 per family. There were necessary expenditures on social intercourse and on maintaining a social standard, usually in connection with the position held by the head of the household. There is evidence that employees worried over rising prices, securing daily necessities, using up of savings, uncertainty of employment, and were obsessed with other fears. There is certainly need for adjustment in the livelihood of salaried employees, adjustment which of course must be dependent on political developments.

By comparison the cost of living of Chinese salaried employees rose slightly less than did that of workers in the period from 1936

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511 565 to July 1942. On the basis of the standard of living in October-December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed